



## **LOCAL ROAD/RAILROAD GRADE SEPARATION LOAN PROGRAM**

It is a modest but important beginning, with enormous potential to relieve frustrations and eliminate hazards for motorists and train crews, while it also addresses community transportation infrastructure challenges.

We are excited about the Local Road/Railroad Grade Separation Loan Program, a tool available for safety treatments at grade crossings. We are continuing our diligent efforts to ensure that the most appropriate standard warning devices are ordered and installed at all of Michigan's at-grade crossings. Yet we all know that only grade separations and road closures provide ultimate safety at roadway/railroad intersections. Closures are the most cost effective safety measure. Grade separations are, of course, the ultimate safety treatment where roads that are essential to the transportation system must cross railroad tracks.

This loan program is funded with \$4 million in state funds. Local road authorities are the eligible applicants. They may borrow up to 100 percent of the cost to construct the overpass or underpass, to be paid back to MDOT over a period of up to 15 years.

**Background.** For public safety, MDOT is committed both to reducing the number of at-grade crossings and to ensuring that all crossings essential to the state's transportation infrastructure are properly marked to warn motorists of the potential hazard ahead. As Michigan's population and economy grow, vehicular and train traffic also increase. Congestion, blockages and gridlock hamper our transportation system and disrupt traffic flows.

The Grade Separation Loan Program has great potential to help us better achieve safety, accessibility and mobility. It addresses some of our greatest transportation infrastructure challenges.

**Program Goal.** The goal of Michigan's Grade Separation Loan Program is to construct grade separations where essential local roads must intersect railroads. Those grade separations will:

- Eliminate at-grade crossings
- Enhance the local road network
- Reduce traffic hazards and traffic congestion
- Promote public safety
- Ensure community access to safety, health and educational services
- Promote economic and industrial development.

**Eligible Applicants.** Local road authorities are the eligible applicants for this Grade Separation Loan Program.

**Eligible Costs.** Loans are available to local road authorities for preliminary engineering and design (capped at 10-15 percent of project costs) and for 100 percent of the construction of new structures (overpasses and underpasses) that separate the grade between local roads and railroads. Any costs incurred prior to the execution of an agreement between the applicant and MDOT are the sole responsibility of the applicant.

**Ineligible Items.** Reconstruction of existing separations, alteration of existing separations, property acquisition, maintenance, grade separations on private roads, pedestrian grade separations, nonmotorized grade separations, road over road grade separations, and grade separations for animals are not eligible for the Grade Separation Loan Program.

**Repayment of the Collateralized Grade Separation Loan.** As the loan recipient, the local road authority is responsible for repaying the entire collateralized loan, over a period not to exceed fifteen (15) years. The road authority:

- may pledge its Act 51 funds and/or other assets acceptable to MDOT as collateral for the loan;
- may pledge income from a tax increment financing area established around the

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location of the planned grade separation to repay the loan;

- ▶ may enter into third party contracts (with railroads, industries, neighboring jurisdictions, etc.) for repayment of the loan and/or for the collateral provision on the loan.

Loans authorized under the Grade Separation Loan Program will be charged minimal interest; however, if a payment is missed, the entire remaining balance will incur interest calculated at the prime rate then in effect.

**Variable Low Interest Rate.** To encourage participation in the Grade Separation Loan Program, a variable low interest rate, based on payback term, is in effect for this first call for projects.

<b><i>Payback Term</i></b>	<b><i>Interest Rate</i></b>
Less than 3 years	4.00%
3-6 years	4.25%
6-9 years	4.50%
9-12 years	4.75%
12-15 years	5.00%

**Application Review.** All applications received will be reviewed by MDOT's Freight Services & Safety Division. All recommended loans must be approved by the State Transportation Commission and the State Administrative Board before an agreement can be executed on behalf of MDOT by its Director. This process typically takes some 60-90 days.

All applications received for the Grade Separation Loan Program will be prioritized based on the safety and mobility benefits the public will derive from the proposed investment. Key to that assessment is the information requested from the applicant on: train and vehicular traffic, accident history, additional funding match, additional road closures at other at-grade crossings associated with the grade separation, delivery of public safety services, and payback term.

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Mail completed applications to:

Ms. Rosemary Holland  
Freight Services & Safety Division  
Michigan Department of Transportation  
P.O. Box 30050  
Lansing, Michigan 48909

**Questions/Concerns.** If we can assist in any way with questions and concerns that arise as you develop your application for the Grade Separation Loan Program, feel free to contact Rosemary Holland at (517) 335-2580.

MICHIGAN DEPARTMENT OF TRANSPORTATION  
LOCAL ROAD/RAILROAD GRADE SEPARATION LOAN PROGRAM APPLICATION

**REQUIRED INFORMATION**

1. Applicant information:

- (a) The local road authority's name, address and phone number.
- (b) Contact person's name, address and phone number.
- (c) Proof that the local road authority is authorized to submit the application.

2. Project description:

- (a) Location of the proposed grade separation.
- (b) Current train and traffic data in the area of the proposed grade separation.
- (c) Accident history in the area of the proposed grade separation.
- (d) Preliminary plans/drawings/engineering for the proposed grade separation.
- (e) Projected dates for construction of the proposed grade separation.

3. Public benefit of the project:

- (a) Explanation of why the proposed grade separation is needed.
- (b) Impact of the proposed project on public safety and public mobility.
- (c) Impact of the proposed project on the delivery of local public safety services.
- (d) Relationship of the proposed project to the essential transportation infrastructure.
- (e) Identification of other grade crossing closures.

4. Project partners:

- (a) Name(s), address(es) and phone number(s) of all partners in the proposed project.
- (b) Contributions, by entity, of each partner in the proposed project.

5. Project cost:

- (a) Total cost of the proposed grade separation.
- (b) Loan amount requested from MDOT.
- (c) Breakdown, by eligible item, of the loan amount requested from MDOT.
- (d) Source(s) of funds to cover the non-loan portion of the proposed project.

6. Collateral for the loan: how the loan amount requested from MDOT will be collateralized.

7. Repayment terms:

- (a) How the loan amount requested from MDOT will be repaid.
- (b) Number of years desired to repay the loan requested from MDOT.